



## Staff Report

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**File #:** 22-382

**Version:** 1

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**TO:** Mayor and City Council

**THROUGH:** Keith Stahley, City Manager

**FROM:** Kristin Retherford, Urban Development Director

### **SUBJECT:**

Acceptance of a Small Community Air Service Development Grant Award

Ward(s): 2

Councilor(s): Nishioka

Neighborhood(s): SEMCA

Result Area(s): Strong and Diverse Economy

### **SUMMARY:**

The City of Salem has been awarded \$850,000 from the U.S. Department of Transportation's Small Community Air Service Development (SCASD) grant program. In December 2021, City Council authorized staff to apply for the grant with the requirement to return to City Council to formally accept the grant, providing City Council the assurance that matching funds have been identified, confirm which entity is acting as the fiduciary agent for those matching funds, and to seek budgetary authority for the expenditure and reimbursement of funds.

### **ISSUE:**

Shall City Council authorize the City Manager to accept the SCASD grant award?

### **RECOMMENDATION:**

Authorize the City Manager to accept the SCASD grant award (Attachment 1).

### **FACTS AND FINDINGS:**

The \$850,000 grant will provide 70.83% of the funds and the \$350,000 in local matching funds raised by the community will provide the remaining 29.17%. Travel Salem will be the fiduciary agent for the reimbursement of local matching funds, and an agreement with Travel Salem will be

executed.

Should the community's local matching funds fall short of the \$350,000 pledged, the grant will cease at that point and the remainder of the grant will be returned to USDOT. No City funds will be used to backfill any shortfall of local matching funds.

The grant program is a reimbursable program and requires that City funds be expended prior to seeking reimbursement from USDOT and Travel Salem. The Airport Fund can be used for this purpose. Staff expects to seek budget authority for the revenue and expenditures as part of the FY24 budget process. If the funds are needed in the current FY staff will return to Council with a supplemental budget request.

The grant is for the specific purpose of supporting new commercial airline service through revenue guarantees and marketing support. The funds cannot be used for other purposes, including airport operations and maintenance, capital projects, or other uses not specifically outlined in the grant.

The grant requires that the City comply with several standard federal grant assurances required of other grants accepted by the city for airport projects, such as equal opportunity/non-discrimination, drug-free workplace, compliance with federal rules and regulations, and so on.

The grant must be signed and returned to USDOT by September 30, 2022, and unless otherwise authorized by USDOT, the grant agreement will expire on January 7, 2028.

## **BACKGROUND:**

As part of the ongoing effort to attract commercial airline service to Salem, in December 2021 City Council authorized the Airport to apply for the federal Small Community Air Service Development grant. The grant application was submitted in March 2022 along with letter of support from two air carriers interested in serving Salem. On August 3, 2022, USDOT notified Salem Airport of its award, the grant was received on August 26, and staff is now returning to Council to authorize the City Manager to accept the grant.

The \$850,000 award will be used primarily as a revenue guarantee to support air carriers in the early stages of their service to help ensure their long-term sustainability. Some of the funds will also be used to provide marketing support for the new service. Target markets identified in the grant application are Las Vegas, San Francisco, Phoenix, and Los Angeles. The airport's in-kind contributions will be the two-year waiver of landing fees and terminal space rent previously approved by City Council.

John Paskell  
Airport Manager

## **Attachments:**

1. SCASD Grant Award

